

# Exhibit A

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## Bad blood runs deep in Bally power struggle

By Jeremy Mullan  
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If the battle for control of Bally Total Fitness Holding Corp. sounds personal, that's because it is.

The bad blood between Bally's largest shareholder, Emanuel R. Pearlman, and Chairman and CEO Paul A. Toback dates back to Mr. Pearlman's decade-long tenure as a consultant to the health club operator that ended in June 2003 after a dispute over Mr. Pearlman's compensation.

Now Mr. Pearlman is back as a 12% owner in the company and he's trying to oust Mr. Toback. "We need somebody else in charge," says Mr. Pearlman, 45.

Mr. Toback's assessment of Mr. Pearlman's contributions to Bally? "I'd summarize it as one self-serving, half-baked idea after another, almost all of which we're still suffering from today."

A former White House aide in the Clinton administration who joined Bally as a corporate development officer in 1997, Mr. Toback, now 42, was named CEO in late 2002, after predecessor Lee Hillman resigned. In April 2004, Bally disclosed that the U.S. Securities and Exchange Commission was investigating its accounting practices. The company eventually restated its financial statements for 1997 through 2003.

The SEC has yet to complete its investigation, but an internal Bally probe blamed the company's "culture of aggressive accounting" on Mr. Hillman and former Chief Financial Officer John Dwyer; both men have repeatedly denied any wrongdoing.

Mr. Toback's tenure has been marked by red ink and a struggle to reduce debt piled on by Mr. Hillman to finance expansion and acquisitions. Bally has yet to file financial statements for 2004, but says it expects to report a net loss for the year. After the restatements and the SEC probe came to light, Bally stock tumbled 24%; it has traded in the \$3 to \$4 range since, well below the \$30 level it reached in early 2001.

Mr. Pearlman says Mr. Toback has soured Bally's relationship with the capital markets. Mr. Toback declines to address Mr. Pearlman's specific complaints.

### ARTHUR GOLDBERG PROTÉGÉ

Mr. Pearlman cut his teeth working for the late corporate raider Arthur Goldberg. Raised on Park Avenue and educated at New York's exclusive Horace Mann School, he was a 27-year-old graduate of Harvard Business School when a family friend introduced him to Mr. Goldberg in 1987. Mr. Pearlman suggested a takeover target: trucking company Arkansas Best Corp.

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That buyout bid failed, despite legal advice from future White House figures Hillary Clinton, Webster Hubbell and Vince Foster, but Mr. Pearlman later assisted in Mr. Goldberg's \$165-million takeover of pasta maker Di Giorgio Corp.

When Mr. Goldberg took over Chicago's Bally Manufacturing Corp. in 1990, he brought Mr. Pearlman with him as a consultant. After Bally spun off its health clubs, Mr. Pearlman worked closely with Mr. Hillman on the acquisitions of Crunch Fitness and Sports Clubs of Canada.

Mr. Pearlman, who lives in Los Angeles, won't comment about the company's treatment of Mr. Hillman, but notes, "We're good friends."

#### **STARTED INVESTMENT FIRM**

After taking over as CEO in late 2002, Mr. Toback kept Mr. Pearlman on as a consultant for about six months, until the two fell out over Mr. Pearlman's compensation. Mr. Pearlman confirmed that there was a dispute, but says it wasn't the only reason he parted ways with Bally.

After leaving Bally, Mr. Pearlman started Liberation Investment Group LLC, with backing from an investor group that included Mr. Hillman. (Through a spokeswoman, Mr. Hillman says he invested \$100,000 and has no input in anything pertaining to Bally.)

Mr. Pearlman started buying Bally shares, eventually spending \$15 million for a 12% stake and demanding a board seat. The move is consistent with Liberation's pattern of acquiring stakes in small companies it deems undervalued and agitating for change. It forced the sale of Canadian retailer Intertan Inc. in 2003 and holds a stake in bankrupt Georgia jewelry retailer Friedman's Inc.

But Mr. Pearlman acknowledges that Bally "is the only company where I've ever called for the CEO's head."

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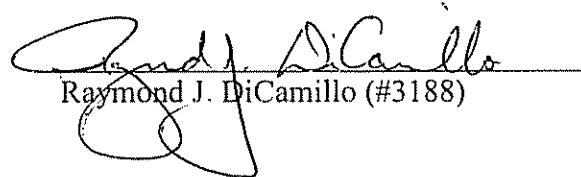
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